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Department of
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Foreign
Agricultural
Service

Circular Series

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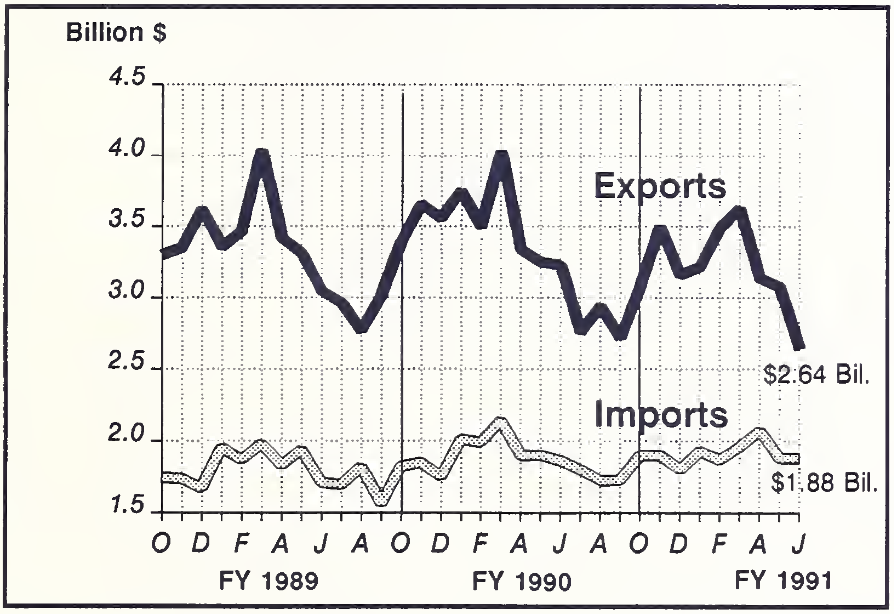
AGRICULTURAL TRADE HIGHLIGHTS

Agricultural Exports for June Dip to Lowest Level in 3 Years



June trade statistics released on August 16 by the Commerce Department placed the value of U.S. agricultural exports at a 3-year low of $2.64 billion, down 14 percent from May and down 18 percent from year-earlier levels. The cumulative export total for fiscal 1991 (October-June) reached $29 billion, down 9 percent from the same period last year. Export volume for June totaled 8.1 million tons, down 16 percent from May and down 31 percent from last June.

Exports of *bulk commodities* continued their decline, falling over $600 million (37 percent) from year-earlier levels. Most of this drop was due to losses in the grains sector, led by lower shipments of wheat (down 51 percent) and corn (down 54 percent). Together, these losses amounted to 88 percent ($514 million) of the total decline for June. On the bright side, the value of unmanufactured tobacco exports improved, logging a gain of 26 percent, or $23 million.

June exports of *intermediate high-value products* were also down for the month, falling 8 percent, or $58 million. Losses were recorded for nearly every major category with the exception of feeds and fodders (up 26 percent to $163 million). Among the commodities with lower sales were soybean meal (down 29 percent to $60 million) and hides and skins (down 23 percent to $111 million).

Once again, the strength in June's exports came from the *consumer-oriented high-value* category which, at $954 million, rose 9 percent overall. Gains were recorded for most commodities, led by red meats (up 13 percent to $200 million) and horticultural products (up 6 percent to $552 million). Other consumer-oriented products performing well included snack foods (up 15 percent), wine and beer (up 25 percent), and breakfast foods (up 64 percent).

Export performance with the *top 10 U.S. markets* was mixed for June, with four countries advancing and six declining. Gainers were led by the EC (up 18 percent to $445 million) and Canada (up 11 percent to $431 million). Other countries showing improvement were Mexico (up 4 percent to $233 million) and Egypt (the largest increase of 63 percent). Of the countries losing ground, the Soviet Union (down 92 percent) and South Korea (down 45 percent) were the most significant, accounting for 81 percent of the total drop in U.S. agricultural exports for June.

U.S. *agricultural imports for June* totaled $1.88 billion, down 4 percent from May but up 4 percent from June 1990. June's imports bring the cumulative total for fiscal 1991 to $17.26 billion, roughly unchanged from the same period last year. Combined with the month's exports, June's imports lowered the agricultural trade surplus to $764 million--nearly $652 million below June 1990 and the lowest recorded surplus so far this fiscal year.

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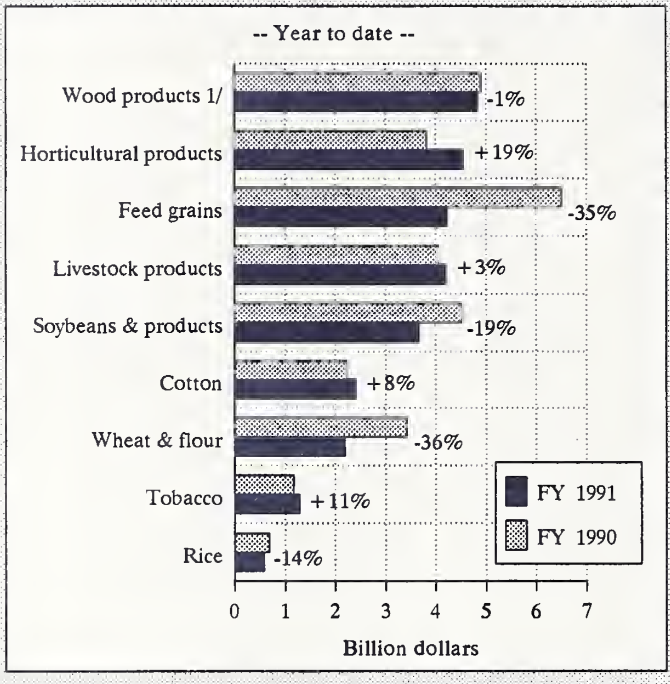

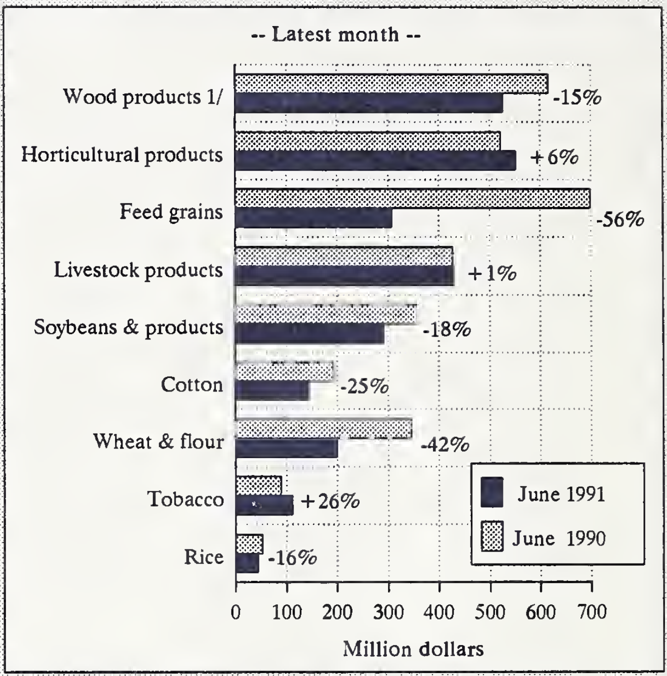

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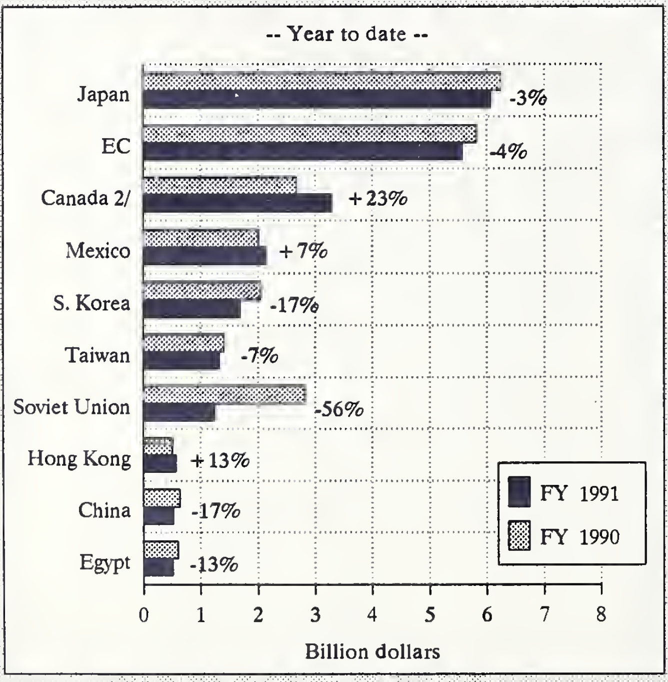
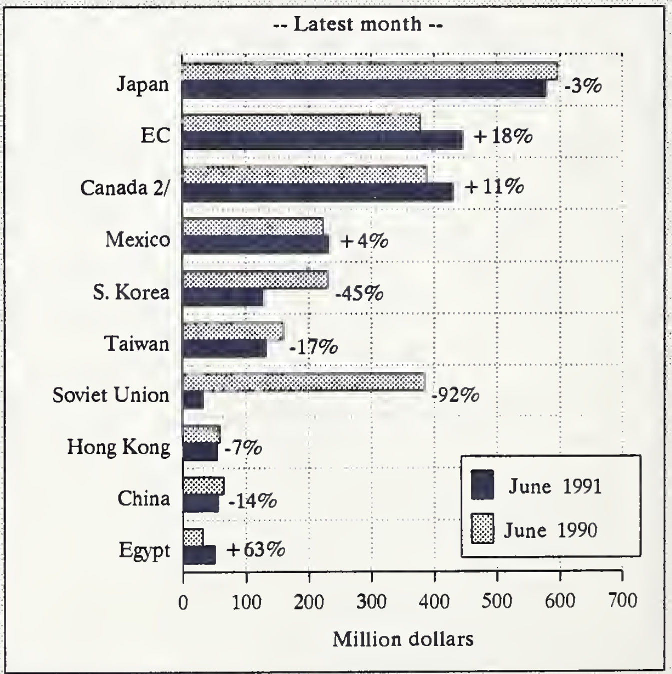




Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals. 2/ U.S. agricultural exports to Canada have been under-reported in past years by about $1 billion a year and officially recognized by both Governments. Effective January 1990, the U.S. Bureau of the Census began adjusting U.S. export statistics to account for these differences.

Commodity Highlights

June's agricultural exports totaled only $2.6 billion. This is down 18 percent from June 1990 and is the lowest monthly figure since July 1988. The large drop was due to significantly lower exports of corn, wheat, soybean meal and oil, and cotton. Not all the news was bad. Export gains were registered for horticultural products, livestock products, tobacco, and corn gluten feed and meal.

Wheat and wheat flour exports of $199 million in June were at their lowest levels since December 1990 and represented a 42-percent decrease from last June. Lower prices (down 20 percent from last year) have not stimulated world demand since export volume also declined--down 30 percent from year-earlier levels. The lower volume reverses a 5-month trend of higher export volumes from year-earlier levels. The USSR's almost complete absence from the market accounted for 80 percent of the volume and 50 percent of the value declines for the month. Major markets were mixed with export value up to Japan, Egypt, and Pakistan but down to China, Korea, Bangladesh, Ecuador, and Venezuela. Exports so far this year total $2.2 billion, down 36 percent from the same period last year.

Feed grain exports reached their lowest level since August 1987. At $308 million, export value was down 56 percent from last June. Lower export volume (down 50 percent) accounted for most of the decline. As was the case with wheat, the near absence of exports to the USSR accounted for three-fourths of the decline. Other major losses were reported for Mexico (down $43 million), China (down $39 million), and Taiwan (down $20 million). Colombia, Iraq, Israel, Morocco, and Japan all reported declines between $5-$10 million. Strong sales to the EC (up $30 million) helped to partially offset these losses. Export prices have remained relatively stable so far this year with year-to-date export value down 35 percent on 32-percent lower volume.

June exports of *rice* were down 8 percent in volume and 16 percent in value from last year. Strong sales in the Western Hemisphere (higher exports to 24 of 29 countries) were offset by lower exports to Saudi Arabia (down $10 million), Iraq (down $6 million), and South Africa (down $6 million). Year-to-date exports of rice are down 14 percent to $586 million.

Unmanufactured tobacco exports in June were up 26 percent to $111 million from last June. This brings the year-to-date total to $1.3 billion--up 11 percent from year-earlier levels. A $23-million increase in June exports to Japan and a $14-million increase to the EC more than offset declines to Switzerland (down $10 million) and Hong Kong (down $4 million).

Exports of $290 million of *soybeans and products* were down 18 percent from last June. Soybean export value was unchanged on slightly higher volumes, while soybean meal exports were down 30 percent and soybean oil exports were down nearly 90 percent. Major declines were seen for exports to Pakistan (down $36 million), Japan (down $32 million), Korea (down $19 million), and the USSR (down $16 million). Strong exports to the EC (up $33 million) and Mexico (up $18 million) partially offset these declines. Year-to-date export volume and value are both down about 18 percent.

Cotton exports in June were down, both from May and from last June by 25 percent in value and volume. Exports to nearly all major markets except Mexico and China were down in June from year-earlier values. Large declines were seen in June for Korea (down $17 million), Egypt (down $16 million), and the EC (down $8 million). Year-to-date, these three markets are also below last year's export levels. However, overall export value this year is up 8 percent.

Horticultural product exports in June totaled $552 million, up 15 percent from last June. Increased exports to Canada accounted for nearly all of the June increase and for $395 million of the $720-million increase in year-to-date exports. Other major markets were mixed with exports to the EC down $9 million and Colombia down $5 million. However, exports to Japan were up $9 million and up $3 million to Korea. Horticultural products showing the greatest gains this year include fresh vegetables, citrus, and deciduous fruits.

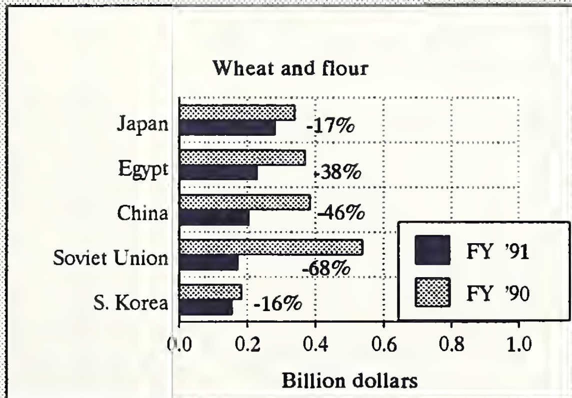
Livestock product exports in June were roughly unchanged from last year at $423 million. Increased exports to Mexico (up $31 million) and Canada (up $14 million) offset lower exports to Japan and Korea (down $16 million each), and the EC and Brazil (down $4 million each). June's exports bring year-to-date sales to $4.2 billion, up 2 percent from last year.

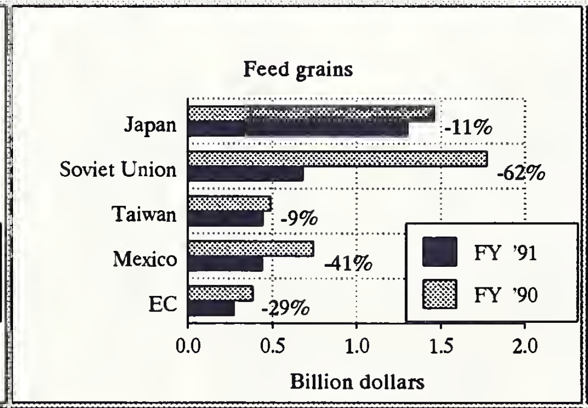
Wood product exports of $527 million in June were down $90 million from last June. Exports to Japan, the largest market, were down $112 million. Stronger sales to China, the EC, Israel, Mexico, and Canada (each up between $4-$8 million) offset part of the lower exports to Japan. Exports for the year are now 1 percent below last 1990.

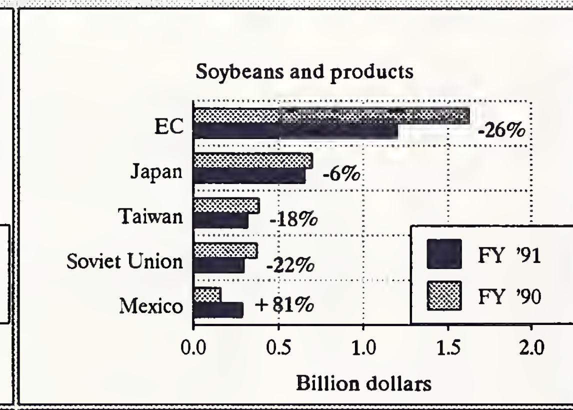
For more information contact James Johnson at (202) 382-9522.

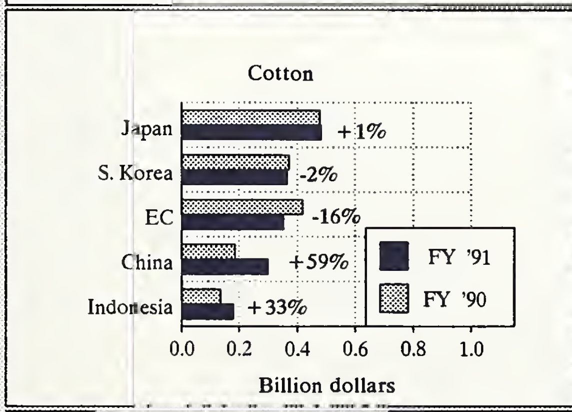
Top Five Markets for Major U.S. Commodities

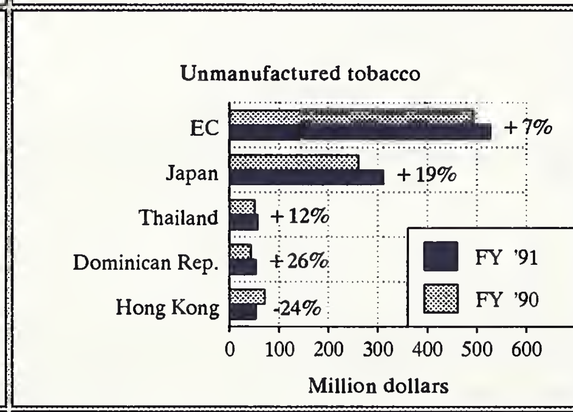
October - June Comparisons

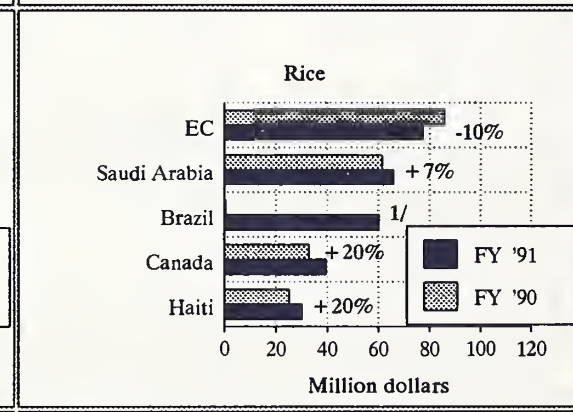


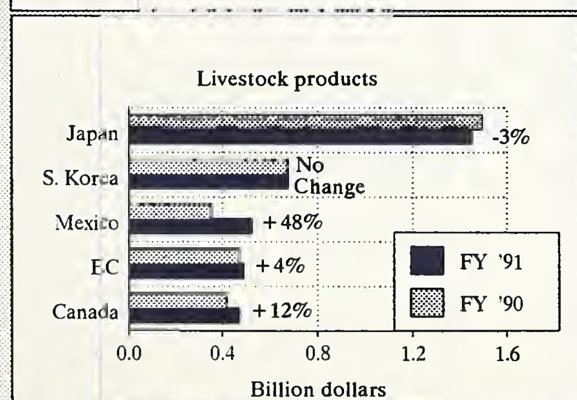


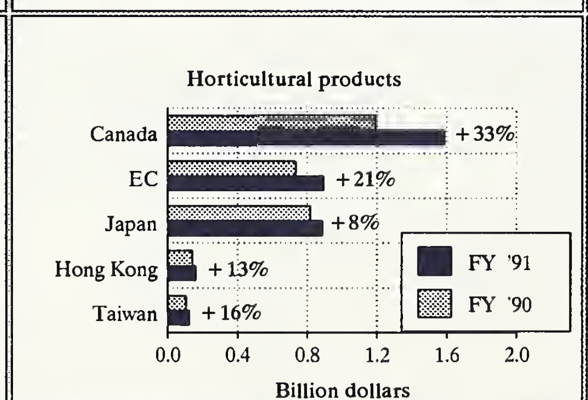


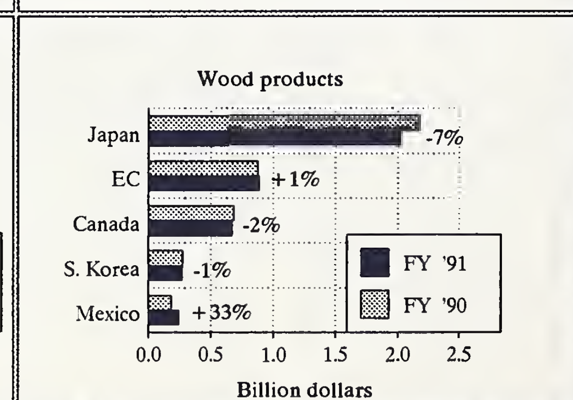












Note: Percentages are computed as the change from fiscal 1990 to fiscal 1991.
1/ Negligible exports reported during comparable period last year.

Country Spotlight: Singapore

Exporting to Singapore is more exciting than ever these days. Ranked among the top 20 prospects for U.S. agricultural exports in a recent FAS study, the Republic offers rising incomes, increasing Western tastes, and virtually no trade barriers. This means prime opportunities for U.S. exporters in a dynamic market, where the high-value sector accounts for 75 percent of total imports.

In 1990, Singapore imported over $3.3 billion worth of agricultural products worldwide. Imports from the United States accounted for only 5 percent or $165 million of that amount. Malaysia, China, and Thailand have dominated Singapore trade in recent years, but there is plenty of room for future U.S. expansion. In fact, FAS sources show that numerous American agricultural goods have already logged their highest export levels ever, achieving solid growth in the areas of horticulture, livestock, and tobacco.

In 1990, 83 percent ($138 million) of total U.S. agricultural exports to Singapore were high-value products. Of this total, 86 percent ($119 million) were consumer-oriented. Among the most notable are U.S. shipments of processed fruit and vegetables which are expected to reach almost $25 million in fiscal 1991, double the level of only 4 years ago. Since a growing wave of health-conscious Singaporeans are eager to try new food items from the West, fruit and vegetable "snacks," as they are termed by consumers, have done remarkably well.

Fresh vegetable exports from the United States are expected to more than double from last year and could reach a record $4-$5 million by year's end. The popularity of salad vegetables, namely celery and lettuce, deserves much of the credit for this growth. Singapore imported a total of $220 million worth of fruit in 1990, an 8-percent increase over 1989. The United States alone claimed 26 percent of this total, thanks to a strong showing in the apple, orange, and grape markets.

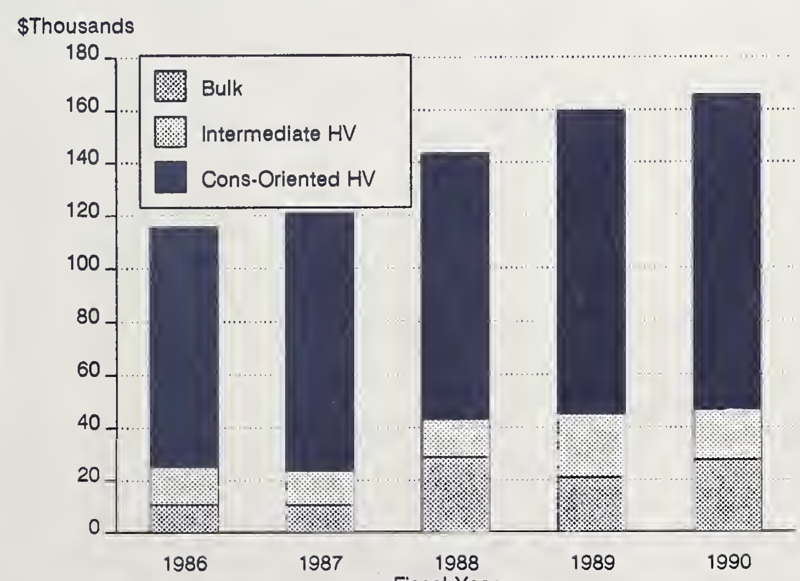
A number of other consumer food products should do well this year including poultry meat ($30 million), fresh fruit ($20-$25 million), and snack foods ($6 million). Relatively smaller-based products, such as fruit and vegetable juices, red meats, and wine also made impressive gains recently. Unmanufactured tobacco headlines as the leading bulk commodity with exports projected to reach an all-time high of $15-$20 million--twice the level of 2 years ago.

Clearly the average Singapore consumer is spending more on foreign goods. Private consumption has almost doubled since a decade ago, but rising import demand is also due to large transshipments throughout the Southeast Asian region and a floating population of more than 5 million tourists. For instance, the re-export of cigarettes has led to a rapid increase in U.S. unmanufactured tobacco exports to Singapore since 1988 even though domestic demand has stagnated.

The outlook is promising for future export growth to Singapore. As more women enter the workforce, brand-conscious Singaporeans are realizing they need the convenience of many higher-priced American products. Now they can better afford these luxury goods with a per capita income surpassed in Asia last year only by two other major U.S. markets, Japan and Hong Kong. The overall Singapore economy is expected to grow 3 to 6 percent by the end of this year and agricultural imports should more than keep pace with this expansion. The neighboring Malaysian, Thai, and Indonesian economies expect similar growth, further fueling re-export demand.

Undoubtedly Singapore will continue to be a valuable testing ground for Western food products in the 1990s. FAS believes U.S. agricultural exporters can meet the challenge and supply an increasing share of the market's needs.

Consumer-Oriented High-Value Products Constitute Most of U.S. Exports to Singapore



June Imports Fall From Year-Ago Level; Year-to-Date Imports Unchanged

U.S. agricultural imports for June totaled $1.9 billion, down 4 percent from both May and June 1990. June's imports bring the 1991 cumulative import total to $17.3 billion, about the same as last year at this time.

The small change from last year hides larger swings within commodities. Noncompetitive imports have dropped 12 percent from last June, and are down about 3 percent on a year-to-date basis. In contrast, competitive imports are 9 percent higher than last June while year-to-date, they are up only 1 percent.

Competitive imports rose $12 million in June to $1.48 billion, up from $1.36 billion recorded a year earlier. Through the first 9 months of this year, competitive imports are up less than 1 percent to $13.1 billion, led by a $116-million increase in beef and veal purchases and a $101-million increase in live animal imports. Pork imports are also $29 million higher year-to-date than for the same period in 1990.

Competitive imports rose $12 million in June . . . . Noncompetitive imports fell $53 million.

For the month of June, fruit imports were up $18 million. While imports of fruit from Brazil fell almost $42 million (mainly orange juice), fruit imports from Mexico were up $31 million. Beef and veal imports for the month of June rose $42 million from June 1990. Most of this increase came from Australia (up $22 million), New Zealand, and Argentina. Vegetable imports in June showed a strong $39-million rise, with $25 million of the increase coming from Mexico and $5 million from China. Imports of pork for June fell $15 million. Almost $8 million of this decline is a result of lower purchases of Canadian pork, while Poland shipped $5 million less pork to the United States than last June.

Declines in competitive imports so far this year were led by a $140-million drop in vegetable purchases. In addition, dairy imports fell 17 percent to $580 million and fruit and juice purchases fell by $104 million to settle at $1.65 billion.

Noncompetitive imports for June fell $53 million from year-earlier levels and are down $108 million from the same 9-month period last year. The most significant decline occurred in imports of coffee, followed by a 23-percent fall in rubber products, and a 2-percent drop for cocoa products.

Coffee imports declined in both value and volume from many sources largely as a result of high stocks of coffee beans in consuming countries. Rubber imports declined sharply from Indonesia, dropping $12.4 million to $26 million, which alone accounted for 83 percent of the total drop in this category. The only notable increase in noncompetitive imports was a $9-million increase in bananas, more than $7 million of which came from Costa Rica.

For more information, contact Thomas St. Clair, (202) 382-9521.

U.S. Agricultural Imports by Major Product Sector
June 1991 and Year-to-date Versus Year-ago

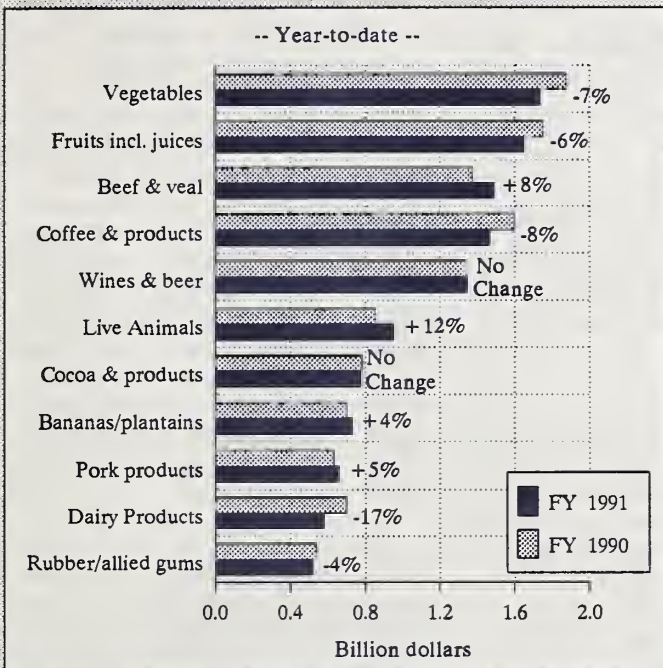
Import Category	June 1991	June 1990	% Chg	Oct-Jun FY91	Oct-Jun FY90	% Chg
			-- Million $ --			
Total competitive	1,477	1,359	9%	13,069	12,952	1%
Fruits, incl. juices	201	183	9%	1,649	1,753	-6%
Wines & beer	144	160	-10%	1,345	1,340	0%
Vegetables	171	132	29%	1,735	1,875	-7%
Live Animals	69	90	-23%	953	852	12%
Beef & veal	206	164	26%	1,488	1,372	8%
Dairy products	76	95	-20%	580	699	-17%
Pork	72	87	-17%	660	631	5%
Total noncompetitive	402	455	-12%	4,189	4,297	-3%
Coffee & products	105	158	-34%	1,465	1,598	-8%
Cocoa & products	85	87	-2%	779	780	0%
Bananas/plantains	83	74	13%	729	699	4%
Rubber/allied gums	49	64	-23%	518	537	-4%
Spices	24	22	6%	200	182	10%
Tea	13	12	5%	114	118	-3%
Total agri. imports	1,880	1,814	4%	17,259	17,249	0%

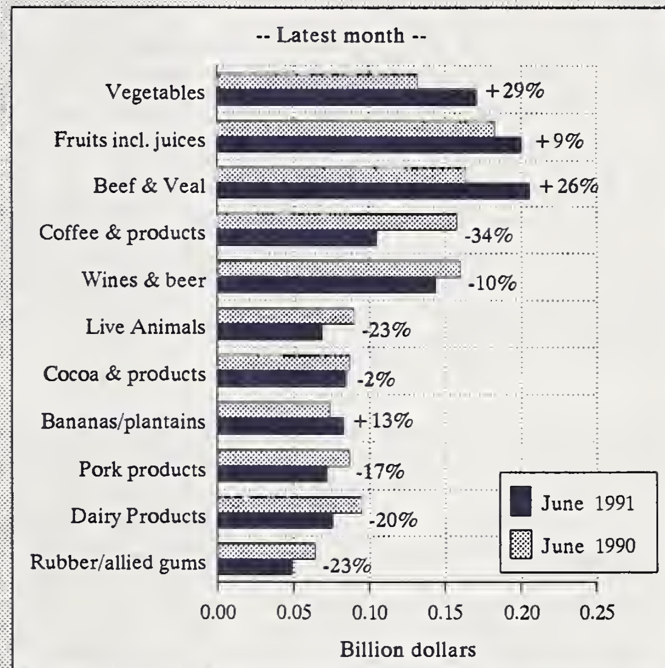
Source: Commodity Trade Analysis Branch, Economic Research Service, U.S. Department of Agriculture, Washington, D.C.

Noncompetitive imports do not compete with U.S. production and include: bananas/plantains, coffee (incl. processed), cocoa (incl. processed), rubber/allied gums, spices, essential oils, tea, and carpet wools.

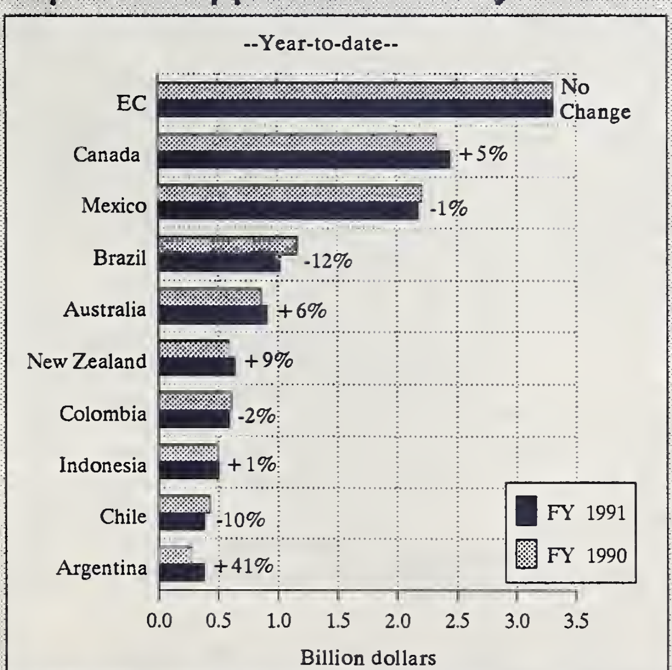
U.S. Agricultural Import Summaries
October-June and Latest Month Comparisons

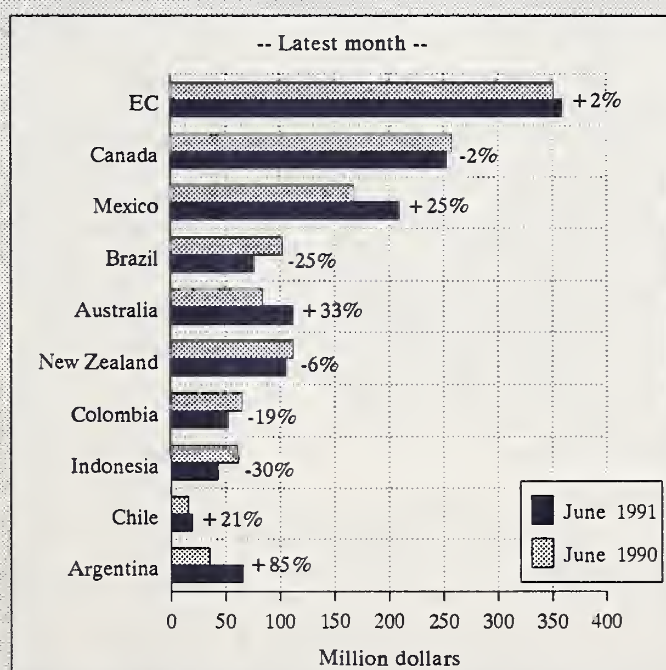
Product Summary





Top Ten Suppliers Summary





Note: Percentages are computed as the change from a year ago.

Product Spotlight: Dried Breakfast Cereals

Beginning with this issue, Agricultural Trade Highlights will devote one section each month to report on the performance of an agricultural product that offers promising export opportunities to companies in a position to take advantage of it. The focus will be on those lower-profile products that do not get much attention in other FAS publications. Many times, these are processed consumer food products that tend to be growth-oriented and less volatile than many of the big ticket items that make up the bulk of U.S. agricultural exports. This month, dried breakfast cereals are profiled.

Breakfast cereals have long been considered a mainstay of the American diet, especially to children and more recently to health-conscious adults. Unfortunately, global demand for breakfast cereals has not enjoyed the same success as it has in this country. However, if recent U.S. and world trade statistics are any indication, this situation may be changing--a development that bodes well for U.S. manufacturers and exporters.

Buoyed by rising incomes and populations, growing demand generated by Western tourists in major markets, and declining trade barriers, U.S. exports of dried breakfast cereals reached a record $85 million in fiscal 1990. This represented a fourfold increase since 1986. With global trade in breakfast cereals having grown to an estimated $500 million in 1990, U.S. exporters now account for 17 percent of worldwide trade--up from only 8.5 percent in 1986.

FAS projects worldwide trade could more than double by 1995, exceeding the $1-billion mark. If the United States continues to gain global share at the rate it has over the past few years, annual exports should reach the $200-250 million level by 1995. Considering exports in 1991 are expected to exceed $130 million, the United States is off to a good start in reaching this goal.

The question is who is buying all this cereal and can it continue? Canada has traditionally been the largest American customer and is likely to remain so in the foreseeable future. In 1990, U.S. exports to its northern neighbor reached an all-time high of $38 million, accounting for 45 percent of U.S. cereal exports to all countries.

Canadian sales are expected to rise modestly in 1991, reaching almost $45 million, fueled by the same favorable demographic and consumer trends seen in this country. Subsequently, continued export gains of 10-15 percent per year are anticipated. The United States has no significant foreign competition in this market (having recently captured 98 percent of the import market) but does compete with the domestic industry.

U.S. exports of dried breakfast cereals reached a record $85 million in fiscal 1990--up fourfold since 1986.

Besides Canada, other major markets and expected 1991 sales levels include the EC ($35-$40 million led by France and the United Kingdom), Caribbean Islands ($20-$25 million), Mexico ($10 million), Saudi Arabia ($9 million), and Japan ($2 million). With the exception of Japan, 1991 shipments to these markets will be up sharply from 1990, setting new all-time highs.

While there are a number of factors and unique circumstances that are responsible for the growth of each of these markets, the role of tourism and the spread of Western tastes and eating habits seems to be a central theme. These effects can be felt when American travelers visit another country and bring their eating habits with them (such as the Caribbean or Mexico) or when consumers of another country visit the United States and are exposed to Western diets.

A good example of this can be seen in the steady growth of the Caribbean market where sales have expanded fourfold in the past 3 years. Tourism has grown substantially in recent years which, combined with an increased emphasis by Americans on lighter, low-fat diets, has prompted island importers to step up their purchases from overseas suppliers. Assuming tourism continues to grow in the Caribbean and increasing numbers of U.S. tourists desire dry cereals in their breakfast diets, this region should continue to be a source of expanding U.S. sales over the next few years.

The same can be said of Mexico where U.S. tourism is strong and rising. Until 1989, Mexican import restrictions and high duty levels kept many processed products from entering the country. Now, with fewer impediments, U.S. exports of breakfast cereals are rising rapidly and should reach $10 million this year, up from virtually nothing in 1988.

Unlike the Caribbean, however, tourism may not be the only source of demand. With incomes rising and segments of the Mexican population eager to try newly available products from the United States, U.S. dry cereals may find a ready market with

Mexican consumers. If so, sales should continue to rise and may reach $20 million by 1992. As is the case with Canada, the U.S. faces no significant foreign competition in this market.

Conspicuously absent from the list of leading markets is the Pacific Rim. For many processed consumer food products exported by the United States, the Pacific Rim is normally a leading market. Rapidly rising incomes and an increasing taste for Western products has been a boom for U.S. products to the region. Does this mean breakfast cereals prospects in this region are poor? Not necessarily.

Recently released world trade statistics and reports from these countries indicate that, while only $23 million in 1989, Pacific Rim import demand is growing fairly rapidly. Gains are most pronounced in Japan, Hong Kong, and Singapore. However, it appears that Australia is capturing much of the region's growth. Global Australian exports have risen significantly in recent years, most of which have gone to Asian markets. With Asian buyers showing increased health consciousness and in some countries a preference for sweet cereals, U.S. exporters may have greater success in these countries by paying special attention to this concerns.

The prospects for U.S. breakfast cereal exports are excellent ... considering global markets are barely tapped.

FAS believes these markets are well-positioned for sharply higher imports but unlike Canada, Mexico, and the Caribbean, U.S. firms should be ready for significant foreign competition, especially from Australia.

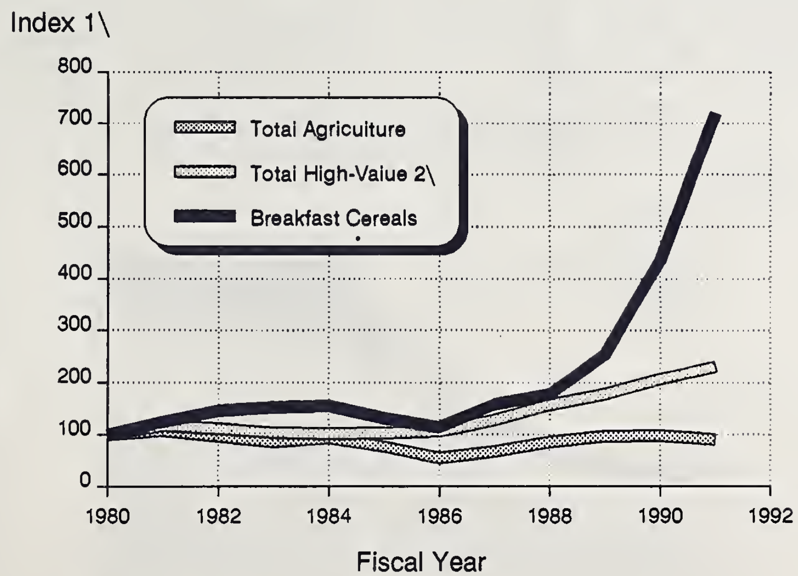
The emergence of the EC as a major market in 1991 is a bit puzzling and may be a temporary situation that is not sustainable. The Community is both the world's largest exporter as well as the largest importer of breakfast cereals with exports exceeding imports by $100 million. Over two-thirds of their exports go to other EC countries with much of the remainder going to other West European and Middle Eastern markets.

However, U.S. exports to the 12-nation market are up almost 600 percent to date, primarily to France and the United Kingdom, and could reach a record $40 million by year's end. Though unclear, it appears likely that the increase is either the result of a very specific niche that U.S. manufacturers have uncovered or U.S. firms are test marketing new products before deciding whether to produce them in their European operations.

Nonetheless, the prospects for U.S. breakfast cereal exports are excellent. This is especially true when one considers that the global market (Mexico and the Pac Rim in particular) is barely tapped and is sure to provide a lucrative market for the United States in the near future.

For more information, contact Mike Dwyer, (202) 382-1294.

Breakfast Cereals Are One of America's Fastest-Growing Exports



1\ 1980 = 100

2\ High-Value includes the value of both intermediate and consumer-oriented exports

Mexico: A Bright Spot for U.S. Agriculture

One of the United States' most promising agricultural markets is right next door. Not only has Mexico been a leading traditional market, recent trends indicate that this neighboring country is one of the best prospects for expanding U.S. farm exports in the near future.

President Salinas' wide-sweeping economic reforms have revived a country which was in dire straits only 10 years ago. Since 1986, Mexico has effectively turned itself around, recording positive economic growth rates, lower inflation, and a more stable currency. This has created a strong air of optimism toward the country by the global community as well as by Mexico's own citizens.

In addition, the future for U.S.-Mexican relations appears bright as progress continues to be made on the GATT and NAFTA negotiations which will foster an increasingly more liberal trade and investment environment. The relaxing of trade barriers by Mexico since 1989 has already had a measurable impact on U.S. agricultural exports. Together, these developments are predicted to greatly enhance the potential of Mexico to become an even better market for the United States.

Market Overview

In fiscal 1990, Mexico was the United States' fifth largest single-country export market for U.S. farm products, with sales totaling $2.7 billion. In the Western Hemisphere, Mexico is second only to Canada in terms of U.S. agricultural purchases. Since 1986, U.S. agricultural exports to Mexico have more than doubled, growing by 140 percent or $1.5 billion. While a rise in bulk exports have accounted for the majority of this growth (up 180 percent to $1.35 billion), exports of high-value commodities have turned in strong performances as well, rising 71 percent to $790 million.

The consumer-oriented category accounted for more than half of this increase in total high-value exports and has actually registered the highest growth rate over the last 5 years when compared to bulk and intermediate exports. Since 1986, U.S. exports of consumer-oriented products have more than tripled to Mexico, rising 208 percent to $513 million.

Since 1986, U.S. agricultural exports to Mexico have more than doubled.

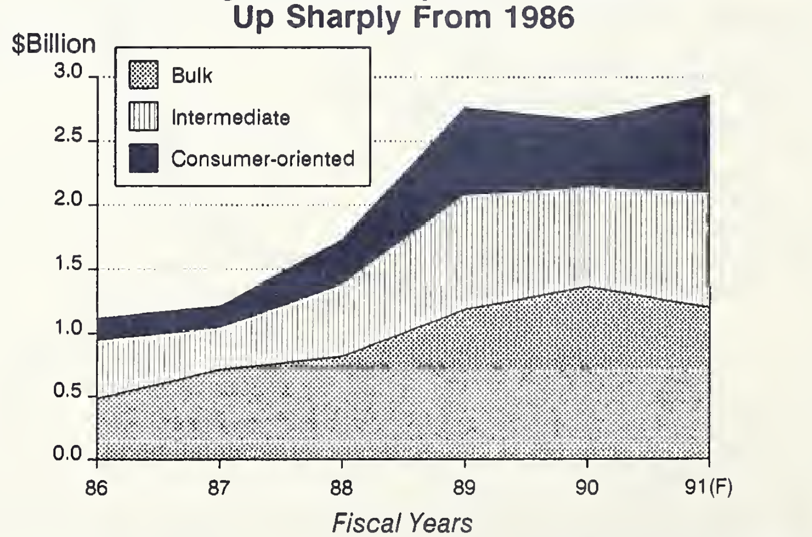
It is the growth in demand for consumer-oriented high-value products that is expected to fuel the projected surge in U.S. farm exports to the Mexican market. In fact, U.S. sales in five consumer-oriented product categories have already recorded all-time annual highs in only the first 9 months of 1991 (October-June), with another three likely to reach record levels by year-end.

In terms of market share, the United States commands a strong presence in Mexico. During 1989, Mexico's total imports from the world amounted to $4 billion, up 72 percent when compared to 1985. With the growth in Mexico's imports, market share statistics indicate that the United States has been able to keep up with the expansion in the Mexican market, maintaining an approximate 75-percent share since 1985.

In addition, the United States is overwhelmingly the major market for Mexican exports, purchasing 96 percent of total Mexican farm shipments in 1989. Consequently, the agricultural trade balance situation with Mexico has typically fluctuated between deficit and surplus status. However, with the recent boost and projected growth in U.S. exports to Mexico, the United States could see more surpluses being recorded with its neighboring country.

Overall, our primary competitors for the Mexican market include Canada, the EC, and Argentina. The United States dominates the $1.6-billion Mexican import market for bulk commodities, supplying the country with 75 percent of its total imports. The only other significant competitor is Canada, with $60 million in sales to Mexico during 1989. For Mexico's $1-billion intermediate high-value import market, the United States is also the primary supplier, accounting for 72 percent of total intermediate imports. The United States is followed by the EC ($85 million) and Argentina ($42 million). In the $1.3-billion consumer-oriented import market, of

U.S. Agricultural Exports To Mexico Up Sharply From 1986



which the United States recorded a 64-percent share in 1989, the nearest U.S. competitor was the EC, with sales amounting to roughly half of U.S. sales.

Commodity Profile

The United States' top agricultural exports to Mexico in 1990 were bulk commodities--corn ($904 million) and soybeans ($217 million). However, in terms of growth, U.S. consumer-oriented exports have outperformed bulk exports, more than tripling since 1986. This recent surge has been led by triple-digit growth rates in the export of many consumer-ready products--red meats (up 350 percent to $194 million), fresh and processed fruit and vegetables (up 457 percent to $85 million), and poultry meat (up 242 percent to $50 million).

Other consumer-oriented commodities showing particular strength but which are smaller in size include snack foods (up 672 percent to $20 million), wine and beer (up over 2000 percent to $10 million), breakfast cereals and pancake mix (up 489 percent to $6.5 million), and nursery products and cut flowers (up 275 percent to $4.7 million).

For the first 9 months in 1991, five commodities have already reached all-time record levels--breakfast cereals and pancake mix, red meats, fresh vegetables, tree nuts, and nursery products and cut flowers. If current trends continue, the United States could see exports of red meats reach a record high of $330 million, making it the second largest agricultural export to Mexico. Additionally, if poultry shipments maintain their rapid growth (up 90 percent year-to-date), total poultry sales to Mexico for 1991 could reach $95 million. In fact, consumer-oriented products as a whole should reach $700 million by year's end, making Mexico the United States' fourth-largest consumer-oriented market.

Other commodities to watch include cotton, a bulk growth commodity that has nearly doubled the total fiscal 1990 value in the first 9 months of 1991. Additionally, the category comprising sugars, sweeteners, and beverage bases (an intermediate export) has experienced a sudden surge, rising 670 percent from 1986 to 1990, and cumulative 1991 shipments ($123 million) have already exceeded total 1990 exports ($105 million).

This category, which consists primarily of re-exported sugar, is currently the fourth-largest export to Mexico. However, sugar trade with Mexico has proven to be extremely volatile over the last 15 years since Mexico is a producer of sugar itself and at times has been a net exporter. For example, sugar shipments to Mexico experienced a 2-year surge in 1980-81 when record levels were established, fell dramatically during 1982-1988, and then suddenly expanded to near-record levels again in 1990. The latest surge in U.S. sugar exports has been due to favorable trading conditions and is not expected to continue into the long-term.

Clearly, trade statistics indicate that Mexico may be on its way to yet another record-breaking year spurred by exports of high-value farm products. Year-to-date, U.S. exports to Mexico of both intermediate and consumer-oriented commodities are ahead of fiscal 1990 by 18 and 47 percent, respectively, while bulk exports are down by 15 percent. And although the record high for total agricultural exports to Mexico was recorded in 1989 ($2.8 billion), strong cumulative 1991 figures suggest 1991 will make a run at the record.

U.S. AGRICULTURAL EXPORTS TO MEXICO BY PROCESSING STAGE

	Fiscal Year		Year-to-Date		%
($Millions)	1989	1990	1990	1991	chg
Bulk Total	*$1,187*	*$1,360*	*$1,041*	*$887*	*-14.8*
Coarse Grains	653	904	745	441	-40.9
Soybeans	355	217	108	234	117.5
Wheat	73	47	31	28	-9.5
Pulses	38	72	54	76	41.2
Rice	36	62*	57	21	-62.6
Cotton	12	39	32	67*	109.4
Intermediate Total	*891**	*786*	*579*	*683*	*18.0*
Sugar/Sweeteners/Bev. Bases	44	105	73	123	67.8
Planting Seeds	117*	94	70	55	-21.1
Animal Fats	112*	91	69	65	-5.8
Hides & Skins	111	87	65	93	44.7
Live Animals	162*	85	66	96	45.2
Soybean Meal	89*	77	48	52	9.2
Feeds & Fodders	41	54	38	49	29.1
Consumer-Oriented Total	*682**	*516*	*385*	*564*	*46.6*
Red Meats	241	194	142	247*	74.4
Dairy Products	221*	70	57	51	-10.3
Poultry Meat	71*	50	34	66	92.7
Processed Fruit/Veg	26	41	31	34	9.3
Fresh Fruit	21	31	24	21	-12.8
Fresh Vegetables	8	12	7	18*	177.0
Wine and Beer	8	10	8	10	28.1
Breakfast Cereals/Pancake Mix	4	7	5	9*	76.2
Tree Nuts	8	10	8	15*	76.0
Nursery Products/Flowers	4	5	4	7*	72.8
Total	*$2,761**	*$2,662*	*$2,005*	*$2,135*	*6.5*

** Denotes the highest recorded export level*

Economic and Political Reforms

The reasons for the recent growth in U.S. exports to Mexico are broad-based. Many of these developments have been attributed to the leadership of Mexico's president, Carlos Salinas de Gortari, who, since election, has pushed for less government control over the domestic economy and more open trading and investment policies--a strategy aptly coined "trade, not aid." In addition, Mexico's entry into the GATT and participation in the North American Free Trade Agreement reflect the country's desire to take steps toward integrating itself into the global community.

Economically, the country is experiencing the most powerful economic boost since the crash of oil prices in 1981. Since the Pact for Economic Stabilization and Growth (PECE) was implemented in 1988, Mexico has witnessed four consecutive increases in GDP growth rates. The 1990 increase of 3.9 percent was the highest yet and 1991 is expected to be even better. Additionally, inflation rates are down considerably from the 1987 level of 132 percent, registering 27 percent in 1990, and are expected to fall even more.

The PECE, implemented by President Salinas, was an economic adjustment program intended to stabilize the economy through lowering fiscal deficits, devaluing the peso, and controlling prices and wages. Reduced deficits have been achieved via higher tax receipts, controlled expenditures in state enterprises, and lower interest rates on domestic debt. The devaluation of the peso has enhanced the competitiveness of Mexican exports and lowered the value of the peso to a level more acceptable to investors. Negotiated agreements between government, labor, and business on wage and price levels have enabled the Mexican Government to enact its adjustment policies in an orderly fashion.

With the lowering of trade barriers, American products can now compete more effectively in Mexico.

If these economic and political reforms continue to progress, success on the trade front (GATT and NAFTA) could permanently alter the Mexican economy. One of these changes could involve the growth of the middle-class. Combined with the upper-income bracket, these consumers comprise approximately 30 percent of the total population of 85 million and represent the group of consumers which have the highest propensity to purchase imports. Since the United States already has an overwhelming share of the Mexican market, the ability of U.S. sales to increase significantly to this market will depend on the growth in size of this class of consumers.

Trade Liberalization

Trade liberalization has also been an integral part of Mexico's reforms. Since 1986, Mexico has instituted more liberal import policies--policies which were restrictive in the past in order to protect domestic industries. Specifically, import licensing coverage has dropped by more than 75 percent, the maximum tariff has been cut by 80 percent, and the average tariff has been lowered by 50 percent. Liberalization, together with Mexico's need for foreign capital goods, has led to a 126-percent increase in overall merchandise imports.

One only has to look at recent trade statistics to understand how effective the lowering of trade barriers has been. As stated earlier, U.S. agricultural exports have more than doubled in the last 5 years. While the benefits have been widespread, the experience of one group underscores this point. Following elimination of import licensing for fresh pears in January 1989, U.S. pear exports to Mexico increased nearly tenfold, making Mexico the second-largest U.S. pear market.

The pear sector is just one of many agricultural groups enthusiastic about the new developments in Mexico. According to FAS and trade industry officials, the recent trade show held in Mexico City, July 23-25, was an unprecedented success. The show was organized by the Mid-America International Agri-Trade Council with cooperation from both U.S. and Mexican government and private sector concerns. Unlike past shows, this one was unique in that the participants were limited to U.S. food exporters and Mexican food industry representatives including buyers, distributors, and representatives from the Hotel, Restaurant, and Institutional (HRI) trade. One-hundred U.S. companies participated in the event and the attendance reached 3,300--an impressive number for the show's premiere.

Comments from FAS and U.S. trade industry officials who were present at the show reinforced the attitude held by many U.S. exporters. The Mexican market is ripe and bursting with potential for U.S. agricultural firms interested in and willing to make the effort to market their products. Mexican consumers have always enjoyed the quality of U.S. products, but have not been willing to pay the high tariff-based premium in the past. With the lowering of trade barriers, U.S. products can now compete more effectively in the neighboring marketplace.

The United States is bullish on its export prospects with Mexico. As a result of lower trade barriers and improved economic climate, it is sure to provide many opportunities for U.S. exporters.

For more information, contact Lori Huthoefer, (202) 382-1034.

Trade Policy Updates

Update On Uruguay Round Agricultural Negotiations

During the second half of July, technical consultations continued on the options paper prepared by GATT's Director-General Dunkel. Particular attention was given in these discussions to the role of an aggregate measure of support, tariffication methodology, and what policies would be subject to export subsidy disciplines. Some progress was made in defining specific issues under each of these topics. Substantive discussions are scheduled to resume in Geneva on September 16. During an address before the Trade Negotiations Committee on July 30, Dunkel stated that although substantive work is still required, it appears that all elements "necessary to finally carry the Round to a successful conclusion" are now available.

EC Extends Inedible Tallow Duty Reduction For 6 Months

The EC has extended the 2-percent duty on yellow grease to December 1991. A proposal to extend the duty indefinitely was presented to the Council but was not adopted due to Dutch opposition. The reduction from 12 percent to 2 percent was first introduced in June 1990. At that same time, the United States implemented a temporary duty reduction on certain jam categories. Designed to correct errors in converting to the Harmonized System, the changes are to be made permanent under a Uruguay Round agreement. Unlike the EC reductions, U.S. duty reductions were made retroactive to January 1, 1988. Spain has never imposed the 12-percent duty on yellow grease, but Spanish customs is now seeking to apply it retroactively for the period from January 1988 through May 1990.

Consultations On EC Compliance With Canned Fruit Agreement

The U.S. Government (USG) has requested consultations with the EC Commission on compliance with the Canned Fruit Agreement which limits subsidies for peach and pear processors to the difference between the EC internal price and the world price of raw fruit. The U.S. analysis of the EC's proposed minimum grower prices and processing subsidies for peaches and pears for marketing year 1991/92 indicates that the Community would be out of compliance, that is, subsidizing its processors if it implements the proposed aid levels. The USG signed the Canned Fruit Agreement in 1985 to resolve a 1982 Section 301 complaint. In 1989, the USG negotiated an exchange of letters clarifying the Agreement after the EC repeatedly failed to comply with the 1985 provisions. Consultations are scheduled for September 13 in Brussels.

EC To Reinspect U.S. Slaughterhouses

During U.S.-EC meetings in early August in Brussels, the EC agreed to reinspect U.S. slaughter facilities delisted by the EC in late 1990. Further discussion on the issue of incising pig hearts will be deferred to phase II (determining equivalence between U.S. and EC inspection systems). The EC had been pressing USDA to adopt EC inspection methods for infectious diseases before reinspecting U.S. plants.

EC Progress Report On Single Market

The EC Commission has released its "Sixth Report to the Council and the European Parliament Concerning Implementation of the White Paper on the Completion of the Internal Market." The report notes that progress in the last stages of the Single Market plan has been "very limited." Only 11 measures have been adopted by the Council since November 1990. More than 80 proposals remain to be adopted by the Council and implemented by the member states by December 31, 1992. Although member state implementation of EC Directives has improved, it is still sporadic. For this reason, substantial parts of the single market plan are unlikely to be in place as scheduled. In particular, internal border controls will probably still be in place on January 1, 1993.

EC Announces New Income Support For Oilseed Producers

The EC Commission has presented its long-awaited oilseeds reform proposal to the EC Council. Designed to comply with the 1989 GATT Panel ruling, the scheme is similar to the EC's previous CAP reform proposal for oilseeds, except that the new plan does not establish set-aside requirements. Both the stabilizer system and producer payments would be based on area rather than production. The base area would be set at the near-record 1991/92 level. The per-hectare payment for areas with "average Community yields" would be equal to the difference between the support price (326 ECU/tons or about $414/tons) and the world price (estimated at 163 ECU/tons or $210/tons). Premiums and discounts would be allowed for regional yield variations. The Council will decide on the Commission's proposal by October 31, 1991.

Shortfall In Enlargement Agreement's Imports Of Corn And Sorghum Into Spain

According to Spanish import data though June 1991, there remains a shortfall of 65,987 tons of corn and 23,980 tons of sorghum in the 1990 imports to be made by Spain under the U.S.-EC Enlargement Agreement. The end-of-June shortfall in corn was down from the previous March level of 128,000 tons, but the shortfall in sorghum was unchanged. In March, the Commission issued tenders to cover the entire amount of corn then outstanding, but the tenders it issued for sorghum covered only 16,000 tons. The licenses actually issued covered the entire shortfall in corn, but apparently they were not fully used.

Brazil To Assess Compensatory Duties On Subsidized Agricultural Imports

On July 11, the Government of Brazil published Decree 174 which provides regulations for assessing compensatory duties on subsidized agricultural imports. The level of the foreign subsidy will be calculated, per unit of product, as the difference between the f.o.b. export price for Brazil and the f.o.b. price that would have resulted on the basis of the price received by the producer in the country of origin. In cases of indirect subsidies, the calculation can be made taking, as reference, the cost of production in the country of origin.

GATT Consultations With Austria

The United States held Article 28 discussions with Austria July 30-31 in Washington regarding compensation for Austria's plans to withdraw GATT bindings on several agricultural items including peas, beans, refined soybean oil, and margarine. As compensation, the United States and Austria have been negotiating a 400-ton addition to an existing 600-ton Austrian quota for high-quality beef. Negotiations are expected to continue in September in Vienna following a review of current proposals and suggested language modifications. Under Article 28, a country may withdraw a tariff concession, but it is obligated to negotiate compensation.

Mexico Raises Tariff On Soybeans

On August 3, Mexico increased the tariff on imported soybeans. Prior to the increase, soybeans were subject to a 10-percent ad valorem tariff during October though December. The tariff has now been increased to 15 percent, and the period during which it applies has been extended to cover August 1 through January 31. The changes were effective August 3, 1991. This tariff increase runs counter a general understanding on a tariff "standstill" during the negotiations on the North American Free Trade Agreement. Under the standstill, tariffs were not to be increased above the levels in effect on June 12, 1991.

Poland Raises Tariff Protection On Agricultural Products

On August 1, Poland adopted a new tariff system. The new rates on agricultural products average 30 percent, or more than double the previous level of protection. The new tariff system ends a tariff suspension on many products in effect since mid-1990, and raises the overall level of tariff protection from 6 to 14 percent. The new tariff schedule lays out a multiple-tiered system of basic duty rates capped at 45-percent for luxury goods , including alcohol. It serves to increase the level of protection for domestic producers and to establish higher base rates in ongoing free-trade-area negotiations with the EC.

Indonesia Imposes Surcharges On Imports Of Soybean Meal

The Government of Indonesia is retreating somewhat from the soybean meal import liberalization introduced by a deregulation package of June 3. This package, which lifted licensing restrictions and lowered tariffs on such priority items as fresh and dried fruit, had also opened up trade in soybean meal to general importers by terminating the State Trading Company's monopoly on imports, and had lowered the tariff from 10 to 5 percent. However, in a decree dated July 20, 1991, the Department of Finance announced the addition of a 35-percent import surcharge on soybean meal. The surcharge, which is to remain in effect through June 1992, brings tariff duties to 40 percent. This is a violation of the bound level of 30 percent agreed to under GATT Article 27 in June 1980. The short lived tariff reduction spurred importers to contract an estimated 70,000 tons of lower-cost imported meal for delivery in marketing year 1990/91. The 40-percent import duty puts soybean meal import prices at a level that will effectively limit imports by the private sector.

Materials Available

- Trade Policies and Market Opportunities for U.S. Farm Exports: 1990 Annual Report (August 1991)
- Agricultural Trade Policy and Trade for Central and Eastern Europe (Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Yugoslavia)--Revised July 1991
- Public Law 480 Sales Program: A Brief Explanation of Title I (June 1991)
- GATT Proposal on Food Safety Standards and What It Means for the United States (Revised June 1991)
- U.S. Legislation to Counter Unfair Foreign Trade Practices (Revised May 1991)

Trade Policy Updates are prepared monthly by the Trade Assistance and Planning Office, Foreign Agricultural Service, U.S. Department of Agriculture. Interested U.S. parties may send requests for copies of Fact Sheets and reports listed above to the Trade Assistance and Planning Office, 3001 Park Center Drive, Suite 1103, Alexandria, VA 22302. Tel: (703) 756-6001, FAX: (703) 756-6124

Market Updates

Brazil May Need U.S. Corn

Brazil might need to import 1 million to 1.5 million tons of corn from the United States over the next 6 months as a result of short domestic supplies and rising prices. With increasing producer costs in the poultry and swine sectors fueling inflation, the Government has frozen meat and poultry prices and suspended the 15-percent import tariff on corn until December 31, 1991, to facilitate imports. Argentina, Brazil's primary supplier, reportedly has committed virtually all of its exportable supplies from the 1991 harvest and consequently would be unable to meet any Brazilian import needs until next March. Brazil is normally an erratic importer of corn.

EC Targets Venezuela Again

The French have reportedly sold 20,000 to 25,000 tons of wheat to Venezuela at $110.00 per ton C&F ($75.00 FOB) in their first successful sale to this market. Last year, French efforts to penetrate the Venezuelan market were unsuccessful. Turkish bread wheat and Saudi Arabian durum have also reportedly been offered to Venezuela, which usually imports 750,000 to 1 million tons of mostly spring wheat from the United States, Canada, and Argentina.

Portugal Exports Wheat For The First Time

For the first time since the 15th century, Portugal is exporting wheat. Portugal's wheat exports are another example of trade distortions caused by the EC's Common Agricultural Policy. Although a past importer of 300,000 to 600,000 tons of wheat annually, Portugal began to receive in January 1991 additional grain export subsidies in excess of regular CAP subsidies as part of the second stage of EC accession. Thirty-five thousand tons have already been sold to Middle Eastern destinations and exports are likely to continue.

Temporary Peanut Import Quota Closed

The temporary peanut import quota announced by Presidential Proclamation on July 5, 1991, closed on July 31, 1991. A preliminary U.S. Customs report indicates that 17,169,402 pounds (7,787,912 kilograms) of foreign peanuts met the deadline for entry into the United States during the August/July 1990/91 peanut marketing year (MY). This is 17.2 percent of the 100 million-pound temporary import quota. Included in the total are 1.7 million pounds of peanuts which entered the United States under the original MY 1990/91 import quota. Applications for inspection indicate that about 80 percent of the July peanut imports were of Argentine origin and 15 percent were from China. Small lots were reportedly sourced from Sudan and Nicaragua.

PRC May Displace U.S. Corn In South Korea

U.S. corn sales for 1991/92 to South Korea are not likely to rebound from this year's low level of 2 million tons due to increased competition from China. Large carryover stocks of Chinese corn are likely to allow China to continue to export corn for hard currency, despite expectations of lower production. China also has a significant transportation advantage relative to U.S. corn. Moreover, South Korea is purchasing competitively-priced feed quality wheat. South Korea has bought record amounts of wheat for feed and Chinese corn this year, slashing U.S. corn exports in half.

Algeria Purchases First Significant Quantities Of EC Rice In A Decade

Algeria will import at least 90 percent of its estimated 50,000-ton import needs for calendar year 1991 from Spain and Italy. Traditionally, Algeria purchases one-quarter to one-half of its rice needs from the United States and the remainder from Thailand and Pakistan. The Algerians argue that, even with GSM-102 credit, U.S. prices are not competitive with current Italian prices. Consequently, the United States may not export any rice to Algeria in 1991, compared to record sales of 27,000 tons in 1990.

...Market Updates

Soaring Demand For American Blend Cigarettes Leads To Increased U.S. Tobacco Exports To Turkey

Substantial increases in the price of imported cigarettes have shifted demand to Turkey's American blend cigarette--Tekel 2000. Tekel 2000 sales are more than double last year's, for the first half of this year. In order to meet demand, the manufacturing facility is running three shifts. With the introduction of another production line for Tekel 2000, capacity will reach 12 billion cigarettes per annum. In addition, the Turkish tobacco monopoly (TEKEL) is planning to introduce a Tekel 2000 Light. U.S. tobacco exports should rise accordingly, because they are used exclusively for the flue-cured and burley tobaccos in the production of Tekel 2000. Last year's U.S. tobacco leaf sales to Turkey were nearly $18 million.

Swiss Cheese Exporter Opens Gruyere Plant In Wisconsin

Swiss cheese traders in the Gruyere region are reportedly alarmed at the news that one of its largest exporters is opening a joint venture plant in Wisconsin. The plant will manufacture a "U.S.-style" Gruyere variety of hard cheese which the exporter (and joint venture partner) claims will not significantly usurp market share from traditional Swiss exporters to the U.S. market. Low input prices of U.S. raw milk relative to Swiss prices and U.S. Section 22 import limitations on cheese were said to be key factors in opening the venture which will begin manufacturing the European variety this year. Output by 1992 is expected to reach 500 tons annually. The United States imported 6,624 tons of Gruyere cheese in 1990 worth $17.3 million.

Mexico Closes And Then Re-Opens Border To U.S. Peaches

On August 7, 1991, Mexican plant health authorities reported finding a U.S. shipment of peaches infested with insect larvae. Other shipments reportedly contained leaves and soil. As a result, the following day Mexican authorities closed the entire Mexican border to peach imports from the United States pending agreement on a phytosanitary protocol with the United States. On August 14, following discussions with APHIS and FAS, Mexico agreed to reopen the border to U.S. peaches provided that peaches are shipped in new packing material

Saudis Infringe On Australian Wheat Export Market

While Australia is complaining about the U.S. Export Enhancement Program (EEP), Saudi Arabia is expanding into Australia's traditional markets as evidenced by the recent sale of highly subsidized Saudi wheat to New Zealand this month. New Zealand is normally an exclusive Australian market but has purchased some high protein wheat from the United States in the past.

GATT Resolution Could Boost New Zealand Dairy Exports Significantly

Dairy industry specialists expect New Zealand to become an even more significant player in the world market under conditions of a successful outcome for the current GATT round. Milk production from New Zealand's dairy herd is predicted to jump 10 percent (17.4 million pounds) within the first 2 years after an agreement, as trade liberalization would result in strengthening of world prices for dairy products. Under these conditions, milk output could rise 50 percent to 26.1 million pounds in the long term.

New Zealand is the world's lowest-cost producer of dairy products due to its pasture-based feeding system. While New Zealand's potential to increase dairy production is significant, exports will be limited by availability of suitable pasture land (development of a concentrate feeding system in New Zealand is considered uneconomical), growth of competing pasture-based industries such as beef and sheep, capital constraints, and the development and expansion of new and existing overseas markets.

Canada Invokes "Snapback" Duty On U.S. Fresh Tomato Imports

Canada implemented a temporary duty on fresh U.S. tomatoes entering the central and western regions of Canada on August 8, following consultations with the United States. Invoking snapback on fresh tomatoes causes the tariff to rise from the Free Trade Agreement level of 10.5 percent to the Most Favored Nation (MFN) level of 15 percent. In 1990, U.S. exports of fresh tomatoes to Canada exceeded $80 million.

Under the U.S.-Canada Free Trade Agreement either country has the right to impose the MFN duty on fresh fruits and vegetables for up to 180 days each year if certain price and acreage criteria are met. Canada is required to lift the temporary duty once prices rise above a threshold price for a period of 5 days.

China Steps Up Pace Of Wheat Purchases

China has stepped up wheat purchases for nearby delivery, indicating a likelihood of somewhat greater overall import needs than what is currently anticipated for the full year. Reportedly, over 1 million tons have been purchased from Canada, bringing total wheat purchases from this country for shipment September through December to 4.4 million tons. Although China normally buys more than half its wheat for second half delivery, combined wheat purchases from Canada, the United States, and the EC for mostly first-half delivery already total roughly 10 million tons. The latest USDA official estimate of Chinese wheat imports for all of 1991/92 is 13.5 million tons. Loss of stocks to recent flooding may be one reason for the urgency implied by the magnitude of nearby deliveries.

Indonesia Rice Situation Tightens

Despite Indonesian officials' downplaying of poor crop prospects in key rice areas, imports appear increasingly likely. In an effort to stabilize prices, the Indonesian Government intends to inject substantial government-held rice stocks into the domestic market over the next 7-8 months. Although Indonesia is usually self-sufficient in rice, the Indonesian Government is expected to import 600,000 tons of rice over the next 8 months to augment ebbing government-held stocks. These imports will help to achieve continued price stabilization and maintain the regular monthly allocation of rice to the military and civil servants.

Hungary Sells Wheat To Soviet Union Under Credit Line

Hungary has reportedly agreed to export 500,000 tons of wheat for August through November delivery to the Soviet Union under the recently announced credit line. Hungary currently has large stocks of wheat and is aggressively seeking to maintain its role as a traditional supplier to the Soviet Union through credits and possible barter arrangements. In past years, Hungary has sold or bartered 1 million tons of wheat annually to the Soviet Union.

P.L. 480 Title I Developments

Jamaica receives Title I purchase authorizations for wheat, corn, and rice. On July 25, 1991 USDA issued three purchase authorizations to Jamaica for $2.5 million of wheat (approximately 21,000 tons), for $3.5 million of corn (approximately 33,000 tons), and $4 million of rice (approximately 13,000 tons).

Morroco purchases Title I vegetable oil. On July 26, 1991 Morocco purchased about 38,000 tons of crude degummed soybean oil at f.o.b. prices ranging from $442.02 to $447.75 per ton. U.S. flag vessels will carry 73 percent of the cargo.

Cumulative sales through August 1. Fiscal 1991 P.L. 480 Title I sales registered to date total $306 million (about 2.1 million tons). Purchases have been made by Congo, Costa Rica, Egypt, El Salvador, Guyana, Jamaica, Morocco, Philippines, Sierra Leone, Sri Lanka, Tunisia, and Zaire.

...Market Updates

P.L. Law 480 Agreement Signed With Yemen

A Title I P.L. 480 agreement with the Republic of Yemen was signed on August 8, 1991, to provide for the sale of $5 million (approximately 14,000 tons) worth of U.S. rice.

P.L. 480 Title I Sales

On August 9, Jamaica purchased about 9,000 tons of brown rice for processing. Sixty percent of the rice will move on a U.S. flag vessel.

On August 9, Guatemala purchased about 55,000 tons of wheat (36,000 tons hard red winter, 15,000 tons northern/dark northern spring, and 4,000 tons hard amber durum). About 75 percent of the wheat will move on U.S. flag vessels.

On August 13, Zaire purchased about 11,000 tons of hard red winter wheat. All of the wheat will move on a foreign flag vessel.

Cumulative sales through August 15. Fiscal year 1991 P.L. 480 Title I sales registered to date total $341 million (about 2.4 million tons). Purchases have been made by Congo, Costa Rica, Egypt, El Salvador, Guatemala, Guyana, Jamaica, Morocco, Philippines, Sierra Leone, Sri Lanka, Tunisia, and Zaire.

P.L. 480 Title I Amendent Signed With Egypt

A P.L. 480 Title I sales amendment with Egypt was signed July 31 to provide for an additional $15 million in sales of U.S. agricultural commodities--$5 million worth of wheat flour and $10 million worth of wheat. After the amendment is countersigned for the Commodity Credit Corporation, a purchase authorization will be announced for sales to be made by private U.S. traders on a competitive bid basis. Egypt's fiscal year 91 Title I agreement now has a cumulative value of $165 million in wheat and flour.

Export Enhancement Program (EEP) Update

The total amount awarded under the EEP with the 5-percent upward tolerance is $824,464,687.

August 2. USDA accepted bids under the EEP for 915,750 dozen medium white table eggs to the United Arab Emirates, 48,000 dozen table eggs to Hong Kong, 105,000 tons of wheat to the Philippines, 83,000 tons of northern/dark northern spring wheat and 400 tons of long grain milled rice to Czechoslovakia, and 299,400 tons of wheat to Algeria.

August 6. USDA accepted bids for 94,520 tons of wheat to the Philippines, 50,000 tons of hard amber durum wheat to Algeria, and 351,000 dozen brown table eggs to Hong Kong.

August 7. USDA accepted bids for 504,300 dozen table eggs to Hong Kong and 2,000 tons of wheat to West and Central African Countries.

August 8. USDA accepted bids for 153,000 dozen medium white table eggs to the United Arab Emirates and 9,920 tons of northern/dark northern spring wheat to Malta.

August 12. USDA accepted a bid for 85,140 dozen table eggs to United Arab Emirates.

August 13. USDA accepted bids for 127,500 dozen table eggs to Hong Kong, 52,920 dozen table eggs to United Arab Emirates, 61,000 tons of wheat to Soviet Union and 11,455 tons of wheat to West and Central African countries.

August 14. USDA accepted bids for 943,500 dozen table eggs to Hong Kong and 1,000 tons of wheat flour to West and Central African countries.

August 15. USDA accepted bids for 12,000 tons of soybean oil to Algeria, 18,055 tons of wheat to Trinidad and Tobago, and 280,500 dozen table eggs to Hong Kong.

U.S. Agricultural Exports by Major Commodity Group

Monthly & Annual Performance Indicators Including Fiscal 1991 Forecasts

	June			October–June			Fiscal Year		
	1990	1991		1989–90	1990–91		1990	1991(f)	
	––Bil.$––		Change	––Bil.$––		Change	––Bil.$––		Change
Grains & feeds 1/	1.304	0.792	–39%	12.739	9.346	–27%	16.019	12.4	–23%
Wheat	0.341	0.168	–51%	3.253	2.047	–37%	4.224	3.1	–27%
Wheat flour	0.005	0.032	540%	0.170	0.148	–13%	0.202	NA	NA
Rice	0.052	0.044	–16%	0.682	0.586	–14%	0.830	0.8	–4%
Feed grains 2/	0.699	0.308	–56%	6.505	4.222	–35%	7.962	5.7	–28%
Corn	0.636	0.295	–54%	5.692	3.620	–36%	6.929	4.9	–29%
Feeds & fodders	0.129	0.163	26%	1.398	1.473	5%	1.812	NA	NA
Oilseeds & products	0.441	0.370	–16%	5.278	4.460	–15%	6.253	5.5	–12%
Soybeans	0.227	0.226	–1%	3.443	2.851	–17%	3.939	3.4	–14%
Soybean meal	0.084	0.060	–29%	0.828	0.722	–13%	0.990	0.9	–9%
Soybean oil	0.045	0.005	–88%	0.243	0.097	–60%	0.339	0.2	–41%
Other vegetable oils	0.036	0.021	–41%	0.308	0.298	–3%	0.394	NA	NA
Livestock products	0.427	0.431	1%	4.065	4.198	3%	5.418	5.4	–0%
Red meats	0.178	0.201	13%	1.605	1.879	17%	2.181	NA	NA
Hides & Skins	0.145	0.111	–23%	1.354	1.129	–17%	0.468	NA	NA
Poultry products	0.079	0.081	2%	0.645	0.750	16%	0.856	1.0	17%
Poultry meat	0.061	0.059	–4%	0.473	0.545	15%	0.624	NA	NA
Dairy products	0.033	0.033	2%	0.261	0.243	–7%	0.342	0.4	17%
Horticultural products	0.522	0.552	6%	3.822	4.542	19%	5.154	5.7	11%
Unmanufactured tobacco	0.089	0.111	26%	1.167	1.291	11%	1.373	1.4	2%
Cotton & linters	0.192	0.145	–25%	2.222	2.408	8%	2.719	3.0	10%
Planting seeds	0.018	0.017	–3%	0.448	0.494	10%	0.580	0.6	3%
Sugar & tropical products	0.124	0.112	–9%	1.051	1.203	14%	1.401	1.6	14%
Forest Products 4/	0.617	0.527	–15%	4.896	4.843	–1%	6.431	NA	NA
Total Ag. export value	3.228	2.644	–18%	31.696	28.936	–9%	40.118	37.0	–8%
	––MMT–		Change	––MMT––		Change	––MMT––		Change
Grains & feeds 1/	9.220	5.780	–37%	90.029	71.191	–21%	113.555	NA	NA
Wheat	2.403	1.532	–36%	20.645	19.425	–6%	28.095	27.5	–2%
Wheat flour	0.022	0.189	772%	0.725	0.805	11%	0.88	1.0	14%
Rice	0.142	0.131	–8%	2.036	1.946	–4%	2.502	2.4	–4%
Feed grains 2/	5.669	2.790	–51%	56.739	38.715	–32%	69.031	52.0	–25%
Corn	5.109	2.673	–48%	49.595	33.103	–33%	59.878	44.3	–26%
Feeds & fodders	0.821	1.000	22%	8.412	8.688	3%	11.065	11.1	0%
Oilseeds & products	1.560	1.427	–8%	20.697	17.457	–16%	24.046	NA	NA
Soybeans	0.954	0.994	4%	15.145	12.399	–18%	17.217	14.7	–15%
Soybean meal	0.377	0.283	–25%	3.804	3.483	–8%	4.558	4.5	–1%
Soybean oil	0.073	0.011	–85%	0.460	0.157	–66%	0.614	0.3	–51%
Other vegetable oils	0.059	0.028	–52%	0.503	0.448	–11%	0.618	NA	NA
Livestock products 3/	0.182	0.202	11%	1.791	1.708	–5%	2.381	NA	NA
Red meats	0.050	0.059	19%	0.502	0.554	10%	0.676	0.7	4%
Poultry products 3/	0.057	0.050	–12%	0.436	0.489	12%	0.564	NA	NA
Poultry meat	0.055	0.047	–14%	0.426	0.467	10%	0.56	0.6	7%
Dairy products 3/	0.022	0.019	–15%	0.155	0.145	–6%	0.214	NA	NA
Horticultural products 3/	0.464	0.439	–5%	3.438	3.901	13%	4.565	5.0	10%
Unmanufactured tobacco	0.013	0.016	30%	0.188	0.202	7%	0.22	0.2	–9%
Cotton & linters	0.119	0.088	–26%	1.393	1.469	5%	1.703	1.8	6%
Planting seeds	0.013	0.010	–23%	0.348	0.334	–4%	0.578	NA	NA
Sugar & tropical products 3/	0.086	0.074	–14%	0.621	0.852	37%	0.921	NA	NA
Total Ag. export volume 3/	11.73	8.10	–31%	119.10	97.75	–18%	148.75	129.0	–13%

NA = Not available.

1/ Includes pulses, corn gluten feed, and meal.

2/ Includes corn, oats, barley, rye, and sorghum.

3/ Includes only those items measured in metric tons.

4/ Wood products are not included in agricultural product value totals.

Note––1991 forecasts are taken from "Outlook for U.S. Agricultural Exports," May 29, 1991.

U.S. Agricultural Export Value by Region

Monthly and Annual Performance Indicators Including Fiscal 1991 Forecasts

	June			October–June			Fiscal Year		
	1990	1991		1989–90	1990–91		1990	1991(f)	
	--Bil.$--		Chg	--Bil.$--		Chg	--Bil.$--		Chg
Western Europe	0.415	0.474	14%	6.158	5.985	−3%	7.289	7.0	−4%
European Community 1/	0.378	0.445	18%	5.775	5.575	−3%	6.796	6.5	−4%
Other Western Europe	0.037	0.029	−23%	0.383	0.410	7%	0.493	0.5	1%
Eastern Europe	0.021	0.011	−48%	0.406	0.245	−40%	0.519	0.4	−23%
Soviet Union	0.385	0.032	−92%	2.829	1.248	−56%	2.938	1.6	−46%
Asia	1.400	1.127	−19%	13.897	12.447	−10%	16.102	14.7	−9%
Japan	0.596	0.579	−3%	6.250	6.079	−3%	8.075	7.8	−3%
China	0.065	0.056	−14%	0.641	0.532	−17%	0.909	0.6	−34%
Other East Asia	0.450	0.319	−29%	3.976	3.603	−9%	5.204	4.7	−10%
Taiwan	0.160	0.132	−17%	1.419	1.324	−7%	1.816	1.6	−12%
South Korea	0.231	0.128	−45%	2.046	1.698	−17%	2.702	2.3	−15%
Hong Kong	0.059	0.055	−6%	0.510	0.578	13%	0.685	0.8	17%
Other Asia	0.161	0.095	−41%	1.453	1.202	−17%	1.915	1.6	−16%
Pakistan	0.039	0.014	−64%	0.292	0.087	−70%	0.391	0.1	−74%
Philippines	0.026	0.025	−4%	0.260	0.260	−0%	0.351	0.4	14%
Middle East	0.129	0.079	−39%	1.577	1.031	−35%	1.928	2.0	4%
Iraq	0.022	0.000	−100%	0.482	0.000	−100%	0.491	0.0	−100%
Saudi Arabia	0.030	0.029	−2%	0.317	0.345	9%	0.447	0.6	34%
Africa	0.117	0.105	−10%	1.487	1.342	−10%	1.914	1.8	−6%
North Africa	0.071	0.073	4%	1.167	1.001	−14%	1.437	1.4	−3%
Egypt	0.031	0.051	63%	0.604	0.523	−13%	0.740	0.8	8%
Algeria	0.027	0.015	−46%	0.348	0.326	−6%	0.423	0.5	18%
Sub Saharan Africa	0.046	0.032	−31%	0.319	0.340	7%	0.478	0.4	−16%
Latin America	0.440	0.437	−1%	3.815	4.034	6%	5.142	5.0	−3%
Mexico	0.224	0.233	4%	2.005	2.135	6%	2.662	2.4	−10%
Other Latin America	0.216	0.205	−5%	1.810	1.899	5%	2.480	2.6	5%
Brazil	0.013	0.013	5%	0.073	0.174	138%	0.104	0.2	92%
Venezuela	0.045	0.032	−29%	0.217	0.220	2%	0.346	0.4	16%
Canada*	0.388	0.431	11%	2.677	3.295	23%	3.707	4.3	16%
Oceania	0.029	0.019	−34%	0.217	0.249	15%	0.304	0.3	−1%
World Total	3.228	2.644	−18%	31.697	28.937	−9%	40.122	37.0	−8%

**Prior to 1990, it is estimated that U.S. agricultural exports to Canada as reported by the Bureau of the Census were understated. Data prior to January 1990 have not been adjusted.*
1/ Excluding East Germany prior to fiscal 1991; including East Germany in fiscal 1991.

Weekly Quotations for Selected International Prices 1/

Dollars per metric ton	Week of 8/23/91	Month ago	Year ago
Wheat (c.i.f. Rotterdam) 2/			
Canadian No. 1 CWRS 13.5%	155	154	201
U.S. No. 2 DNS 15 %	NQ	NQ	184
U.S. No. 2 SRW	147	142	179
U.S. No. 3 HAD	145	146	183
Canadian No. 1 durum	152	154	193
Feed Grains (c.i.f. Rotterdam) 2/			
U.S. No. 3 yellow corn	NQ	124	123
Soybeans and Meal (c.i.f. Rotterdam) 2/			
U.S. No. 2 yellow soybeans	235	227	237
U.S. 44 % soybean meal	NQ	NQ	NQ
Brazil 48 % soy pellets	198	198	208
U.S. Farm Prices 3/ 4/			
Wheat	98	91	137
Barley	52	70	79
Corn	91	89	89
Sorghum	88	81	87
Broiler 5/	NA	NA	1,289
Soybeans 6/	204	198	227
EC Import Levies			
Common wheat	182	179	120
Durum wheat	197	192	176
Barley	163	168	176
Corn	148	154	125
Sorghum	159	160	163
Broilers	466	NA	NA
EC Export Restitution (subsidies) 8/			
Common Wheat	108	NQ	24
Barley	NA	157	115
Broilers	422	NA	43

NQ = No quote. NA = Not available. Note: Changes in dollar value of EC import levies, intervention prices, and export restitutions may be the result of changes in $/ECU exchange rates.

1/ Mid-week quote. 2/ Asking price in dollars for imported grain and soybeans and soybean products, c.i.f. Rotterdam for nearby delivery. 3/ Five-day moving average. 4/ Target price for current marketing year in $/metric ton: wheat, $147; barley, $108; corn, $107; sorghum, $103. 5/ Composite 12-city weighted average price for trucklot sales to be delivered to first receiver. 6/ Central Illinois processors bid to arrive. 7/ Buy-in equals 94% of intervention price plus full value of monthly increments. 8/ Figures represent restitutions awarded nearest to the listed dates; (*) denotes no award given since the previous month. 9/ "Sluice-gate" price.

* U.S. G.P.O.:1991-281-074-40455/FAS

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